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**European Review**

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**23 May 1986**

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23 May 1986

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**European Review**

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**Belgium: Flemish-Walloon Rivalries Preoccupy Government**

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Prime Minister Martens's coalition government is bogging down from the age-old dilemma of how to resolve heated regional/linguistic disputes between Belgium's Dutch-speaking north (Flanders) and its French-speaking south (Wallonia). The controversies are diverting government attention from pressing economic matters and are just the sort that could bring down Martens's coalition Cabinet and prevent the government from addressing issues—such as future defense programs—of high priority to Belgium's NATO allies.

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**Viewpoint**

**France: Is Anyone in Charge?**

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*Some articles are preliminary views of a subject or speculative, but the contents normally will be coordinated as appropriate with other offices within CIA. Occasionally an article will represent the views of a single analyst; these items will be designated as uncoordinated views.*

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## European Review

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## Briefs

## Norway

## New Government Takes Office on Shaky Ground

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Labor Party Chairman Gro Harlem Brundtland announced her Cabinet on 9 May when her minority government—which holds only 71 of 157 seats in the Storting—took office in the face of daunting economic problems and the necessity of relying on one or more nonsocialist parties to pass legislation. She reluctantly formed a government after Conservative Prime Minister Kare Willoch resigned on 29 April following his coalition's defeat over an economic austerity package.

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Intensive speculation against the krone erupted after Willoch's resignation, so Brundtland acted quickly to devalue the currency. Her objective was to calm fears in the financial community that her government would fail to address the serious impact of lower oil prices on revenues and the current account. Brundtland also announced her intention to tighten fiscal and monetary policies, although this could be at least partially directed at stabilizing the markets while the minority government searches for initiatives that meet its redistributive objectives. Mindful of the budgetary constraints, however, she may be content with an effort to increase taxation on wealthier individuals. The Conservatives would probably acquiesce in Labor's proposals only if new taxes were applied broadly enough to raise adequate revenue.

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Foreign and security policy issues are not likely to dominate the government's attention in its first few months. To appeal to the middle parties, Brundtland said recently she would build security policy around the parliament's compromise of May 1984 on security and disarmament, which sought consensus on a moderate pro-Alliance stand. Several NATO issues—including nuclear policy and chemical weapons modernization—could become more contentious, however, and Oslo might adopt a more critical stance on matters affecting the United States, such as Central America.

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The Conservatives probably will permit Labor to retain power long enough to take blame for Norway's mounting economic problems. Willoch, however, has already served notice that he expects to hold office again before the 1989 election. Labor will have to muster support from the nonsocialist middle parties on an issue-by-issue basis, but the Conservatives also will be keen to cultivate their support in forming a new nonsocialist coalition. The struggle to work out a viable 1987 budget will resume after the summer recess, and Brundtland's assurances that she will pursue tighter fiscal policies will probably be put to the test.

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## United Kingdom

## Conservatives Split Again on Economic Priorities [REDACTED]

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The Conservatives' poor showing earlier this month in local council and special parliamentary elections has reopened divisions over priorities for economic policy. As in the past, controversy is focused on the proper mix of tax cuts and increased government spending, but with a national election due in two years the debate is becoming more pointed. [REDACTED]

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According to press reports, several senior Cabinet ministers—including John Biffen, leader of the House of Commons, and Malcolm Rifkind, the Scottish Secretary—oppose Chancellor of the Exchequer Lawson's goal of lowering the basic rate of income tax from 29 to 25 percent. Rather than devoting all of the expected extra revenues next year to tax cuts, Biffen and Rifkind want increased spending for health, education, and infrastructure programs. [REDACTED]

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## Turkey

## Realignment of the Political Right [REDACTED]

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The dissolution on 4 May of the moderately rightist Nationalist Democracy Party (NDP), originally the favorite of the former military regime but in steady decline since its poor electoral showing in 1983, has led to a realignment of the right. The move left NDP's 52 members in the 400-seat legislature free to join other parties, a shift otherwise barred by a constitutional ban on party switching by parliamentarians. Twenty of the 52 deputies followed the urging of their former leader and joined a new party—the Free Democrat Party (FDP)—in a breakaway from the Correct Way Party associated with former Prime Minister Demirel. The ruling right-of-center Motherland Party gained a total of 18 former NDP adherents and other independents, increasing its parliamentary majority to 224 seats. [REDACTED]

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NDP's demise probably will strengthen Motherland's standing and reinforce the trend toward a de facto two-party system in Turkey. It follows a merger of the leftist opposition last year and recent legislative changes constraining the establishment of new parties. The new FDP has attained some formal standing by enlisting enough sitting deputies to establish a legally recognized parliamentary group. Any lasting gains it makes, however, probably will come at the expense of Correct Way, heretofore regarded as Motherland's principal competition on the right. Correct Way itself should gain between 17 and 24 parliamentarians as new members, with 20 needed to constitute a formal legislative faction. Overall, the realignment probably presages more active preparations for a general election in about two years and parliamentary byelections in the interim. [REDACTED]

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**Turkey-Syria****Ankara Threatens Hot Pursuit Raids** [REDACTED]

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[REDACTED] the Turkish Government warned Syria in March that, unless Damascus took steps to curtail Kurdish rebels operating from camps in Syria, the Turkish military would conduct "hot pursuit" raids into Syria similar to those it mounted in Iraq several years ago. The Turks are convinced that Syria is supporting anti-Turkish terrorists—primarily Kurds and Armenians but also Turkish Communists—with training, equipment, and help in infiltrating into Turkey. In order to stem the flow of Kurds from Syria, Ankara has increased the number of its security forces in the area; decided to build watchtowers, searchlights, and barbed wire fences with warning devices; and will lay additional minefields along its border. Despite the warning, should Kurdish rebels step up their operations this summer, Ankara may respond with only heightened security measures and increasingly strong rhetoric directed at Syria. Turkey recognizes that increased Kurdish separatist activity often owes more to military advances by Iran into northern Iraq than to Syrian support. [REDACTED]

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The threat to conduct hot pursuit raids into Syria reflects continued Turkish frustration over Kurdish rebel raids in southeastern Turkey and a resurfacing of Ankara's longstanding irritation toward Syria. Previous hot pursuit raids into Iraq were conducted with Iraqi permission and were in response to the cross-border "hit-and-run" tactics of Kurds in that area. We doubt that Damascus will grant the Turks permission to conduct operations in Syria or that the border obstacles being constructed by the Turks will inhibit hot pursuit operations. Moreover, the few Kurdish rebels who infiltrate across the Turkish-Syrian border rarely "hit" a target in Turkey and then "run" back into Syria. They either flee deeper into the remote regions of the country or leave Turkey via the Turkish-Iraqi border. To be effective, therefore, Turkish hot pursuit operations would need to focus on airstrikes or helicopter-borne commando raids against suspected Kurdish training bases in Syria. [REDACTED]

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**Ireland****Artillery Modernization Delayed** [REDACTED]

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Large cuts in the defense budget have forced a delay of at least a year in the acquisition of 105-mm howitzers badly needed to replace the Irish Army's antiquated 25-pounder field guns [REDACTED]

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[REDACTED] last year the Irish Defense Department ordered 12 of the weapons from the United Kingdom for delivery in mid-1986. The budget cut, however, has forced postponement of the order until 1987 at the earliest. To compensate for the delay, the Army recently overhauled its entire inventory of 48 25-pounders—backbone of the artillery corps. [REDACTED]

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[REDACTED] the delay will seriously hamper efforts to modernize the Army's artillery forces and raise its low level of combat capability. Moreover, the Irish have been unable to find a source for obsolete 25-pounder ammunition on the world market. As a result, the Defense Department has ruled that remaining ammunition reserves can be used only in time of national emergency. [REDACTED]

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## Articles

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**Europe, West and East:  
Chernobyl Disaster Will Slow  
Some Nuclear Programs**

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Not unexpectedly, the explosion of the Soviet Union's nuclear power facility at Chernobyl is generating contrasting official and public reactions in the two Europes. In the West, the disaster has revitalized antinuclear movements and forced most governments to reexamine the future of their nuclear programs. Leaders there will have to contend with the general public's heightened alarm over safety standards, which in some countries will mean delaying construction of planned new plants. Nuclear safety also is already becoming a heated issue in election campaigns, and environmentalist parties seem likely to strengthen their support. In the East, the accident also has aroused popular anxieties, but—apart from Yugoslavia—environmentalist groups are small and have virtually no influence with the ruling Communist parties, and the regimes have long-term commitments to nuclear power as a major means of coping with their chronic energy shortages.

**Western Europe**

In Scandinavia, where evidence of the accident materialized days before the Soviet acknowledgment, reactions have been of mixed intensity. Stockholm and Copenhagen both described Moscow's withholding of information as irresponsible and dangerous. Sweden reaffirmed previous plans to gradually phase out its 12 nuclear power plants by the year 2010 and promised to reassess its entire energy program in response to strong public reaction to the Chernobyl disaster. Even before the accident, a new law had been proposed to ban further construction of nuclear power plants as the government sought to demonstrate its commitment to a 1980 nuclear referendum decision. In Denmark, the government has demanded that Sweden shut down its Barseback plant on the grounds that the safety of thousands of Danes living just across the border from the facility is

in jeopardy. Finland, which has been considering the purchase of a third nuclear plant from the Soviets, may now scuttle the project.

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The US Embassy in The Hague reported that continuing controversy over nuclear power in the Netherlands has been heightened by the Chernobyl incident. A long-awaited parliamentary debate on sites for two new Dutch plants—scheduled for mid-May—has been delayed indefinitely pending a thorough analysis of the Soviet accident. Labor Party leader den Uyl, anxious to capitalize on the heightened antinuclear sentiment in the 21 May national elections, went further and pledged to cancel all Dutch plans for expanding the nuclear power program. At the same time, Prime Minister Lubbers confided to the US Ambassador that the Chernobyl accident had also seriously eroded support for the nuclear program among the conservative Christian Democrats, making it unlikely that any new government will tackle the nuclear question for many months.

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Repercussions are also being felt in the United Kingdom, where the Thatcher government had an ambitious development program and was hoping to obtain parliamentary approval for four new nuclear waste disposal sites and for a new \$2 billion pressurized water reactor at Sizewell. According to press reports, public pressure since the Chernobyl accident has already forced London to drop plans for the new sites while it undertakes a major review of the nation's nuclear waste disposal strategy. Further actions on the Sizewell facility or any other nuclear programs in Britain also are likely to be stalled. Leaders of both the Labor Party and SDP/Liberal

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Alliance must now respond to growing grassroots opposition to nuclear power projects, and the Tories also must work out emerging new disputes—most blatantly the one between Energy Secretary Walker and Minister for the Environment Waldegrave over the need for nuclear power development versus issues of environmental safety. [ ]

In West Germany, a recent poll found that fully one-third of the respondents had changed their views on the use of nuclear energy since the accident. That issue also has entered the domestic political scene, with the Social Democrats pledging to make nuclear energy a focus of their campaign in the Lower Saxony state election in June. In contrast to the Christian Democrats' staunch support for nuclear industry, Gerhard Schroeder, the SPD's leading candidate there, claims he will treat the poll as a popular referendum on the industry's future in the state. Most observers also expect the antinuclear Greens to reap electoral benefits from the accident in a series of local and state elections this year and possibly in the national election next January. [ ]

In Italy, the Chernobyl accident is invigorating an aggressive and well-organized antinuclear lobby in its attempts to convince Rome to abandon plans to construct three new nuclear power plants. The government has ordered that work on two projects in Lombardy and Puglia be postponed indefinitely. In addition, municipal authorities at Trino Vercellese—site of the next scheduled nuclear power station—have asked the national electricity agency, ENEL, to postpone site preparations until new safety standards can be established. For most Italians, the Soviet disaster amplifies a longstanding wariness of nuclear energy. Nearly 80,000 people joined in an antinuclear demonstration on 10 May, and a recent poll conducted by a leading newspaper found that 79 percent of those questioned oppose construction of new plants. Although most parties in Italy's coalition government have voiced support for a nuclear energy program, Prime Minister Craxi's Socialist Party has asked for a national referendum on the issue, and the large Communist Party also has demanded a parliamentary debate. [ ]

Political fallout in France from the Chernobyl accident thus far has been minimal, and we doubt that the incident will have a significant impact on the nation's nuclear program. France depends more heavily than any other West European country on nuclear power for electricity—about 65 percent of its power is currently nuclear generated—and the public generally has been supportive of the nuclear industry. Moreover, the French have great trust in their technology and are confident that French safety standards far exceed those of the Soviet Union. Paris is also loath to publicize the dangers of nuclear energy because it is relying increasingly on nuclear technology exports to make its industry more cost effective. [ ]

#### Eastern Europe

Although the Chernobyl accident has stirred up widespread anxiety in most of the East Bloc, environmental movements there are small by Western standards and have little if any influence on the ruling Communist parties. Moscow's CEMA allies almost certainly will remain committed to expanded use of nuclear power because they lack adequate reserves of clean-burning fossil fuels. [ ]

Environmentalist concerns over the danger of nuclear power have never had much influence on the Communist regimes of Eastern Europe. The latter view their small environmental movements suspiciously and subject them to police harassment and media scorn. Nuclear power tends to be regarded as a virtually inexhaustible energy source free of the environmental pollution created by other energy sources and a means to more economic independence. Only Yugoslavia has an influential antinuclear movement with prominent national and local leaders who argue openly that because of the dangers and economic costs of nuclear power other energy sources should be developed first. [ ]

Nonetheless, most official East Bloc commentaries justifying government commitments to nuclear programs in the wake of Chernobyl have struck defensive tones and attempted to reduce popular

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anxiety about the safety of reactors. Initially, they followed the Soviet line by playing down the seriousness of the accident. This tack was abandoned when the Soviets themselves began to release more information on the disaster. Since then, the media—particularly in Hungary, East Germany, and Czechoslovakia—have stressed the benefits of nuclear power and emphasized the safety and advanced technological features of their own reactors. [REDACTED]

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In Yugoslavia, however, the Republic of Croatia has questioned the need for nuclear power and deleted any commitment to nuclear energy from its 1986-90 development plan. The decision postpones at least temporarily earlier plans to build a \$2.5 billion nuclear plant near Zagreb. [REDACTED]

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Over the longer term, the Chernobyl disaster almost certainly will encourage East European governments to improve the safety of their nuclear reactors and make them more mindful of the need to locate their plants farther away from heavily populated areas. Such actions would increase the costs of nuclear power and perhaps stimulate arguments for slowing down the pace of construction. While such an outcome seems unlikely given Eastern Europe's lack of alternatives, the probability would increase if popular anxiety over safety mobilizes effective dissidence—and if oil prices remain at their current low levels. [REDACTED]

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## Yugoslavia: Reaction to US Airstrike on Libya [ ]

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Belgrade reacted to the US bombing of Libya by issuing its severest condemnation of either superpower in recent years and by giving Tripoli vigorous diplomatic support. Yugoslavia was motivated in part by its concern, as a leading moderate member of the Nonaligned Movement, not to be outflanked by Cuba and other radicals in advance of a Nonaligned summit this August. Belgrade's close, though sometimes troubled, economic and military ties to Libya also played a role. Its reaction may prove a bonanza in future civilian and military-related contracts. [ ]

Media treatment was harsh and seemed calculated to build public support for leadership views. One article in the semiofficial daily *Borba* called such attacks "Ramboism," while another in a boulevard tabloid likened the bombing to "Hitler's blitzkriegs." The moderate Serbian daily *Politika* carried front page headlines of "American Aggression" and "Solidarity With and Support for Libya." Several commentaries discounted US rationale for the attack, and only a few so far have stressed concern about Libyan retaliation with terrorist acts. [ ]

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### Official Condemnation

Belgrade's reaction to the US airstrike stood out for its swiftness, unusually high level of authority, blunt language, lack of balance, and broad and sustained replay. The official condemnation came the day of the attack in separate statements by the top state and party bodies. The collective State Presidency, in an extraordinary session on 15 April, "most harshly condemned the US armed attack" as a "flagrant violation" of Libyan sovereignty and demanded an urgent end to the "aggressive US military operations." The 23-man Party Presidium similarly "vehemently denounced" the "aggression" as a "dangerous threat" to peace. [ ]

The media gave terse, critical coverage to several large, unauthorized demonstrations against both the United States and Libya by a growing Slovenian "peace movement." Reports have toned down the demonstrators' call for an end to Yugoslavia's military training for Libyans and dismissed as naive their demands to curtail Belgrade's lucrative foreign military sales. [ ]

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An unusually large number of individual leaders and leadership bodies also quickly jumped into the fray. Within two weeks the action was condemned by seven of the 23 Presidium members; by State President Vlastar; by the national legislature's Federal Chamber; by a Slovenian party congress; and by the trade unions and other official organizations. Some leaders used even stronger language than the official statements. The United States was accused of "state terrorism" or "international terrorism" by the Army's party chief Jovicic, the Slovenian Congress, and Slovenian officials Andrej Marinc and Joze Smole. [ ]

Belgrade stepped up official pronouncements against terrorism, in part to address US concerns. Statements thus far, however, have either explicitly exempted liberation movements from the "terrorist" rubric or sidestepped the issue. In practice, Belgrade has continued to give military support to the mainline Palestine Liberation Organization and the Pan-Africanist Congress, but evidence is more tenuous about its backing of more radical groups. [ ]

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### Diplomatic Activity

Along with condemnations at home, Belgrade launched an active diplomatic effort to call Washington to account before international tribunals. Leading the effort was Foreign Minister Raif Dizdarevic, who was en route to a previously scheduled Nonaligned ministerial meeting in New Delhi just before the attack. [ ]

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**Political Motivations**

*We believe several factors caused Yugoslavia to respond so sharply:*


- *Nonaligned Jockeying. Belgrade sees a tough reaction as important to strengthening its hand toward nonaligned radicals like Cuba in advance of the summit this August in Zimbabwe, a forum held only once every three years. Yugoslavia stands a chance of being chosen as host of the next summit in 1989 should a deadlock develop over a Latin American candidate.*
- *Libya's Proximity. The geographical proximity of Libya, as a fellow Mediterranean littoral state, probably also played a role. The interventions in Afghanistan and Grenada, by contrast, were geographically remote.*
- *Prior Warnings. Belgrade probably believes it gave Washington adequate advance notice of its likely response. The State Presidency on 25 March condemned the US action in the Gulf of Sidra in similarly unbalanced terms, even if the language was more temperate, and the Foreign Ministry subsequently called in the US Charge for a demarche.*
- *Limited Political Risk. Belgrade probably also calculates that its condemnation will result in only*


*minimal, temporary damage to its ties to the US administration. Yugoslavs generally recognize that the United States supports Belgrade's independence and stability.*

- *US Naval Actions. Yugoslavia's sensitivities about US military actions in the Mediterranean were heightened by recent alleged US naval incursions in Yugoslav territorial waters, actions that have resulted in a diplomatic demarche.*
- *Yugoslav Lives. Belgrade was probably also angered by the threat posed by the US attack to the some 16,000 Yugoslavs working in Libya, some of them on projects—like the naval academy—hit by US aircraft.*
- *Domestic Factors. The Yugoslav leadership also probably sees the issue as one that can help galvanize the many factions in the fractious political system, even if only temporarily.*
- *Institutional Rivalries. The intensity of the leadership's reaction reflects in part increased competition among top leadership bodies for a say in both foreign and domestic affairs. Not to denounce the action could suggest that the body was out of the policymaking loop.*



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Dizdarevic, who issued the call for an emergency session of the UN Security Council to discuss Libya, was also chosen as one of six Foreign Ministers to travel to Tripoli to show Nonaligned solidarity with Libya and to present the Nonaligned view at the UN Security Council in New York. After the triple veto (by the United States, the United Kingdom, and France) of the Nonaligned resolution in the Security Council, Dizdarevic was among several Nonaligned delegates urging that the issue be addressed by the UN General Assembly. 

Dizdarevic's public statements during the Nonaligned ministerial meeting were among the strongest from the movement's moderate wing, which includes Egypt, India, and Indonesia. According to the US Embassy in New Delhi, most other moderate members did not make statements during the special session held on Libya. Only India rivaled Yugoslavia in the harshness of its proclamations. However, India was speaking for the whole movement in its capacity as current Nonaligned chairman. Moreover, India took greater pains to balance its statements than did Yugoslavia. 

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Rubble of Libyan naval academy . . . built with Yugoslav help . . . bombed by US planes. Associated Press ©

### Economic Relations

Yugoslavia's close, though sometimes troubled, economic ties to Libya were probably a factor in its response. Libya is Yugoslavia's second most important partner for foreign civilian and military construction work, behind only Iraq, accounting for about 15 percent of Belgrade's total overseas construction earnings. Yugoslav builders completed construction projects worth \$1.5 billion in Libya during the past four years, including more than \$400 million in 1985. The Libyan contracts have assumed added importance in recent years as the volume of new construction in Yugoslavia and worldwide has fallen sharply.

More than 50 Yugoslav work organizations, employing roughly 14,000 workers, reportedly participated in civilian and military construction projects in Libya last year. Some 2,250 other workers reportedly are involved in medical work. According to Western press reports, 500 Yugoslav workers over a period of five years helped build the naval academy hit by American bombs.

Libya accounts for about 15 percent of Yugoslavia's oil import needs. In recent years exports of Libyan crude oil, averaging about 1.5 million tons annually, have comprised almost all of Tripoli's exports to Yugoslavia, which in 1984 totaled \$447 million. Roughly one-third of these oil deliveries have been in payment for Yugoslav construction services.

Trade ties also have helped Belgrade's sagging balance of payments. Excluding the value of Libyan oil delivered on the Soviet account, Yugoslavia has enjoyed a trade surplus with Libya in recent years of \$40-90 million annually. Yugoslav exports to Libya are comprised largely of manufactured goods.

Belgrade's financial dealings with Tripoli in the past often have been difficult. In recent years, Belgrade has grudgingly permitted Libya to settle claims for Yugoslav construction services with deliveries of crude oil. Nevertheless, Libya reportedly has repeatedly fallen behind in its payments. Negotiations have yielded few results, although Belgrade does not appear to have pushed the Libyans too hard for fear of losing profitable construction contracts.

### Military Relations

Belgrade's close military ties to Tripoli also influenced its reaction. Libya accounts for about one-quarter of Yugoslavia's total estimated \$2 billion in foreign military sales and assistance. This assistance includes arms, equipment, training, and military-related construction. Since 1980, Belgrade's total arms trade has increased by 15 percent annually.

Yugoslavia has supplied Libya with minisubmarines and about 120 Galeb jet trainers. Belgrade is probably building at least one patrol boat for the Libyan Navy. The Yugoslavs have also sold the Libyans light arms, ammunition, and some defensive chemical warfare equipment.

One of the more critical and unique military services the Yugoslavs provide is the maintenance of Libyan submarines. Six Foxtrot submarines of Soviet origin are routinely taken to the Montenegrin port of Tivat for overhauls.

Midlevel Libyan officers are trained at Yugoslav staff colleges, and enlisted men

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**Yugoslavia's Track Record on Reactions**

*Belgrade's reaction to the US bombing contrasts with its lower key responses to some other US and Soviet military operations against Nonaligned countries:*

- Afghanistan. *Belgrade delayed its official response to the Soviet invasion of Afghanistan on Christmas 1979 until 30 December, when its Foreign Ministry issued a statement. The statement failed to condemn the invasion outright, merely expressing "astonishment" and "deep concern" and saying that such actions in general were "inadmissible." Media reports on Party Presidium and State Presidency sessions held on 25 and 26 December gave no indication they discussed Afghanistan. Individual leaders generally avoided subsequent comment, which was limited mostly to statements by the Foreign Minister.*
- Grenada. *Official reaction to the US military action in Grenada on 25 October 1983 came the following day by the Foreign Ministry's press department, which similarly expressed "profound concern," called such actions "inadmissible" and contrary to international principles, and demanded an "urgent end" to the intervention.*
- Czechoslovakia. *The latest response is roughly on a par with Belgrade's sharp and authoritative reaction to the Soviet invasion of Warsaw Pact member Czechoslovakia in 1968, an event of graver import for Yugoslav security. A government statement issued on that occasion expressed "extreme concern" over the "most brutal form of trampling" on a country's sovereignty. A Party Central Committee declaration voiced "profound indignation and protest" over the use of "crude force."*
- Libya. *Belgrade's response in the latest case also marks stepped-up support for Tripoli, particularly compared to the more evenhanded position taken in late February on the growing US-Libyan tensions. The two countries have had an often uneasy political relationship because of Qadhafi's unpredictable behavior and his hostility to other, moderate Nonaligned countries like Egypt with which Belgrade has had close ties. Tripoli vied with Belgrade last year to host the Nonaligned summit.*

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receive technical training. [redacted]  
[redacted] currently are being trained to repair Soviet-made radars; the figure was 100 in 1983. Instructors in Libya train pilots and naval cadets. [redacted]

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**Outlook**

Barring renewed US-Libyan clashes, Belgrade can be expected to let its strong support for Tripoli speak for itself. In the coming weeks it will probably try to repair damage to its US relations with public statements and private assurances. Should the United States take further military action against Libya, however, Belgrade is likely to renew its rhetorical and diplomatic activities. Its actions so far probably will put it in good stead within the Nonaligned Movement leading up to the summit this August. [REDACTED]

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Yugoslavia may reap significant economic and military benefits from its stand. Should the Libyans be concerned about Moscow's level of support and should strains between Tripoli and Western Europe grow, Belgrade may prove an increasingly attractive alternative as a capable and reliable supplier of many arms and related services. The fall in oil prices, however, could constrain the extent of Libyan purchases from Belgrade. [REDACTED]

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Bilateral relations, otherwise, will probably return to the past mixture of cooperation and strains. Belgrade will continue to suspect Libyan designs against Yugoslavia's moderate friends in the Arab world. Financial cooperation will probably continue to be strained by differences over payments policy, although the Libyan market is too important for Belgrade to risk an open confrontation. And relations between the two security services may weaken, especially if Belgrade responds to increased US pressure to curtail support for terrorism. [REDACTED]

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## West Germany: Views on NATO, Neutralism, and the Superpowers

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Although a large majority of West Germans supports membership in NATO, an increasing number is skeptical of Alliance policies and favors equal cooperation with Washington and Moscow. These views, in our opinion, reflect the belief that US and Soviet foreign policies are morally equivalent and that NATO exaggerates the Soviet military threat. One result is likely to be increasing pressure on Bonn governments to distance themselves from US policies that seem to neglect West Germany's special interest in detente.

### Support for the Alliance

Overwhelming majorities of West Germans continue to favor membership in NATO. Two of the country's largest polling firms, EMNID and Allensbach, have found that support for the Alliance has stayed constant or increased over the past two decades. Further, differences among age groups, educational strata, and parties are minimal. Even most Green voters say NATO is essential to preserving peace in Europe, despite their leaders' calls for Bonn's withdrawal from the Alliance.

These results do not imply an unqualified commitment to the Alliance, in our judgment. Evidence suggests poll respondents often are expressing toleration of the status quo more than enthusiasm for NATO:

- Only half of the electorate believes NATO has more advantages than disadvantages for West Germany, according to Allensbach surveys. About 10 percent believe the opposite, while almost 40 percent are uncertain.
- Further, polling techniques may artificially increase levels of support for NATO. When respondents are allowed to say they have no opinion, pro-NATO sentiment declines significantly while anti-NATO sentiment remains the same.

- Finally, NATO ranks low on the list of voters' concerns. In a May 1985 survey, only 20 percent named strengthening the Alliance as a high national priority. By contrast, almost twice as many cited improving relations with the East, and overwhelming majorities mentioned economic problems such as pensions and unemployment.

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### Neutralist Tendencies

Polls on neutralism also suggest that West German support for NATO is less than absolute. Majorities in recent surveys say they would favor the neutrality and unification of both German states, although few think reunification is likely under any circumstances. Further, between 25 and 40 percent in various polls would accept a neutral status for West Germany alone. Neutralist sentiments are found primarily among the young, the better educated, and Green and Social Democratic voters, but there are some neutralist sympathies even among the Christian Democratic rank and file. According to one 1983 poll, almost half of SPD partisans and a quarter of CDU followers favor Bonn's neutrality over a military alliance with the United States.

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While still significant, support for West German neutralism is near historic lows. In the early 1950s, the Social Democrats advocated military nonalignment because they feared Bonn's entry into NATO would foreclose national reunification. Many West Germans agreed: polls during the period showed that nearly 60 percent preferred neutrality to a close alliance with the United States. Today, by contrast, the SPD leadership finds it necessary to stress its loyalty to NATO even when criticizing a wide range of Alliance policies.

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Contemporary neutralism, in our opinion, is less a rejection of NATO than an assertion of independence from the United States. Polls indicate that support for neutralism grows when questions probe the US-West German military relationship directly without mentioning other Western states. One symptom of this desire for greater independence is sentiment for political equidistance from Washington and Moscow. In polls from 1981 through 1986, only about 40 percent of the respondents said West Germany should cooperate more closely with the United States than with the Soviet Union. Over half now favor an equal degree of cooperation with both superpowers—a view especially predominant among Social Democrats and people under 30. [ ]

#### **Views of the Superpowers**

We believe that sentiment for equidistance reflects an underlying perception that US-Soviet sociopolitical systems and foreign policies are morally equivalent. It also stems, in our opinion, from declining perceptions of a Soviet military threat and a Eurocentric view of superpower actions. [ ]

Although few West Germans find the Soviet sociopolitical system preferable to that of the United States, around 30 percent see no moral difference. We believe this view reflects disenchantment with US materialism and social welfare policies rather than lack of support for democratic values. Younger, highly educated, leftist West Germans—so-called postmaterialists—consider the United States to be the epitome of a materialist society that uses its wealth to spur the arms race rather than to reduce socioeconomic inequalities. [ ]

Even more West Germans—almost 40 percent—equate the superpowers' international behavior. According to USIA studies, the West Germans and other West Europeans tend to think that both Washington and Moscow dictate policies to their allies, intervene in other countries' affairs, are willing to use chemical weapons, and use disinformation to achieve their goals. On the other hand, the West Germans give the United States far higher marks than the Soviet Union for promotion of human rights abroad, provision of aid to developing countries, and willingness to honor international agreements. [ ]

Most West Germans think Moscow is much more likely than Washington to intervene militarily in other countries, but they are sharply divided over whether the Soviet Union is a serious threat to Western Europe. In polls from 1982 through 1984, slight majorities or pluralities believed the Soviet threat was small or nonexistent, with Christian Democrats the most likely to say the opposite. Ironically, perceptions of East Bloc military might have grown at the same time fear of the Soviets has decreased. Pluralities in most surveys say NATO and the Warsaw Pact are equally strong, while only a small minority thinks NATO is militarily superior. [ ]

Public complacency at growing East Bloc military power reflects a highly Eurocentric view of Soviet foreign policy, in our opinion. With some exceptions, the West German media give little attention to the Soviets' invasion of Afghanistan or involvement in other Third World conflicts. Many West German journalists and politicians argue that detente must be "divisible," implying that Soviet actions in Eastern Europe or the Middle East should not be viewed as threatening to Western Europe. Many West German observers assume that Soviet foreign policy is defensive and dismiss the possibility that the Soviet military buildup could gain Moscow greater political and psychological leverage over the West Europeans. [ ]

#### **Implications**

Survey results may obscure strong underlying pro-US sentiment, in our opinion. Many West Germans and other West Europeans probably criticize Washington as much as or more than Moscow precisely because they consider the United States a democratic ally and hold it to a higher standard. [ ]

Nonetheless, we believe negative opinions about the United States are influencing Bonn's foreign policy. The Kohl government stresses West German-US friendship, but it also is at pains to refute opposition charges of subservience to Washington. As a result, Bonn frequently presses the United States to take new

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arms control initiatives that take account of the West Germans' presumed special interest in detente:

- Kohl has claimed credit for the Reagan-Gorbachev summit, and in recent months Bonn joined its West European partners in urging the United States to make a counteroffer to the Soviets on nuclear weapons and to accept a British-West German proposal for the MBFR negotiations.
- While Bonn has concluded a framework agreement with the United States on participation in SDI research by private West German firms, Kohl has argued publicly that Washington should agree to ban an eventual deployment in exchange for deep cuts in offensive nuclear weapons. In an interview last October, he claimed Bonn had received assurances that Washington would renounce SDI deployment if it "were bound to be a clear incentive for the other side to increase drastically its offensive weapons."
- The Kohl government is urging the United States to press more strongly for a worldwide ban on chemical weapons. It recently has demanded—and received—a timetable for the withdrawal of US chemical weapons from the Federal Republic in exchange for Bonn's endorsement of binary chemical weapons production in the United States.
- Bonn has strongly urged the United States to maintain a strict interpretation of the ABM treaty regardless of Soviet violations. [redacted]

We expect such pressures on Washington to continue, especially because the Social Democrats will try to make the arms race an issue in the January 1987 election. And changing public attitudes toward NATO and the superpowers may cause strains in US relations with West Germany over the longer term, especially as West Germans now under 40 come to comprise the bulk of the electorate. Bonn governments increasingly will be tempted to demonstrate their independence from Washington by criticizing US policies and stressing cooperation with other West European governments. The West Germans also may try to revive the idea of a division of labor in the Alliance, in which Washington would assume a growing share of the military burden while Western Europe concentrated on improving relations with the East. [redacted]

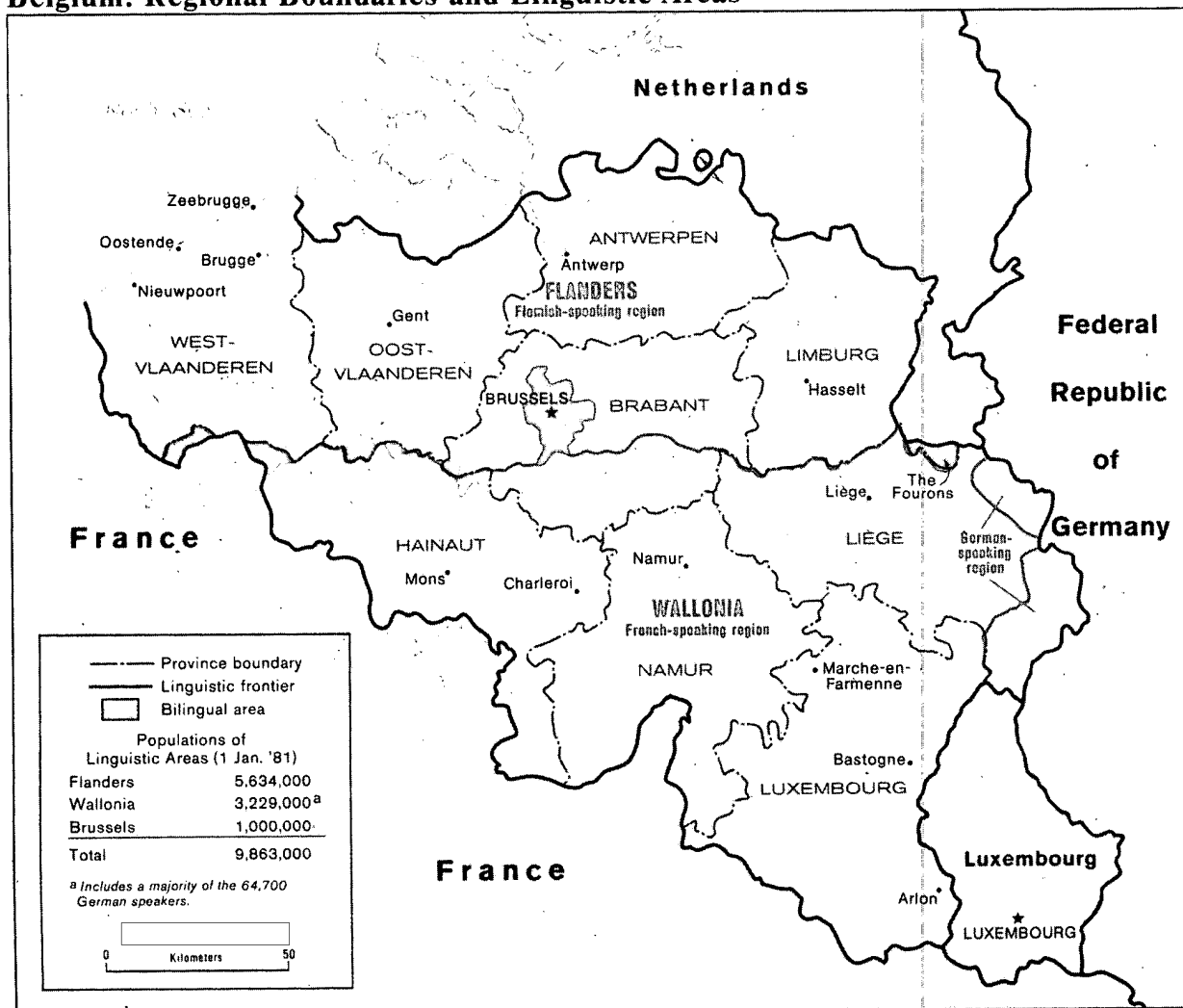
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**Belgium: Regional Boundaries and Linguistic Areas**

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## Belgium: Flemish-Walloon Rivalries Preoccupy Government

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Prime Minister Wilfried Martens's coalition government of Social Christians and Liberals, reelected triumphantly last October, is bogging down from an age-old dilemma—how to resolve heated regional/linguistic disputes between Belgium's Dutch-speaking north (Flanders) and its French-speaking south (Wallonia). The controversies are diverting government attention from pressing economic matters to efforts to contain squabbling over the status of a local official defying one of Belgium's decadesold language laws, the future of linguistically divided Brussels, and the control of religious education in Flanders and Wallonia. Such disputes are just the sort that could bring down Martens's coalition cabinet and prevent the government from addressing issues—such as future defense programs—of high priority to Belgium's NATO allies.

### Linguistic Bickering: A Problem Without Resolution

Ancient cultural and linguistic animosities between Belgium's Flemish and Walloon communities frequently have caused coalition governments to collapse. In an effort to resolve such problems and strengthen government stability, a revision of the constitution in 1980 began the process of devolving economic and social responsibilities to Flemish and Walloon regional authorities and cultural matters to their Community Councils while ignoring the sticky problem of Belgium's bilingual capital city. Over the past five years, disputes among the communities have remained more or less under control, allowing the government to concentrate on redressing Belgium's critical economic problems and finally moving forward on initial INF deployment. Linguistic problems have not disappeared, however, from the Belgian mind-set. Flemish-Walloon rivalries over every aspect of Belgium life crop up almost daily in the news media. For example, Walloons complained because Prime Minister Martens, a Fleming, led the Belgian delegation to the recent Summit of francophone Nations in Paris; Flemings, on the other hand, criticized the action because participation appeared to recognize Belgium as a French-speaking nation.



Mayor Jose Happart

Bulletin ©

### The Jose Happart Affair

The most volatile linguistic issue revolves around the status of the tiny district of Voeren (Fourons, in French) and of its French-speaking mayor, Jose Happart. More than two decades ago, Voeren was transferred from the French-speaking province of Liege to the Dutch-speaking district of Limburg. Residents, who continue to resent the transfer, elected Happart mayor in protest in October 1982. Martens's Flemish Social Christian Party (CVP), the largest party in the national government and dominant in Limburg, tried to block Happart's installation on the grounds that he could not perform his official duties because he did not speak enough Dutch. When Happart refused to take a Dutch proficiency test, the Limburg provincial authorities immediately tried to dismiss him as mayor. Happart, who has continued serving as mayor, subsequently appealed to the national Council of State, which is expected to render its decision shortly.

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Rowdy demonstrations have erupted periodically in Voeren over the Happart issue, and opposing groups have threatened civil disturbances (and possible violence) if the Council of State's decision goes against them—producing a no-win situation for the national government.

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### Belgium: Distribution of Seats Among Political Parties in The Chamber of Representatives

	Number of Seats
Government coalition parties	
Flemish Social Christians (CVP)	49
Walloon Social Christians (PSC)	20
Flemish Liberals (PVV)	22
Walloon Liberals (PRL)	24
<b>Subtotal</b>	<b>115</b>
Opposition parties	
Flemish Socialists (SP)	32
Walloon Socialists (PS)	35
People's Union (VU)	16
Francophone Democratic Front (FDF)	3
Ecological parties (AGALEV-ECOLO)	9
Flemish Bloc (VB)	1
Antitax parties (VBRT-RAD)	1
<b>Subtotal</b>	<b>97</b>
<b>Total seats in Chamber of Representatives</b>	<b>212</b>

#### The Brussels Problem

Bitter debate over the status of bilingual Brussels and Martens's efforts to find an acceptable compromise are also likely to preoccupy Belgian policymakers in coming months. The 1980 constitutional reform did not deal with the future status of predominantly francophone Brussels because the issue was deemed too sensitive. Flemings, who make up about 60 percent of Belgium's population, oppose giving Brussels a separate regional status because it would effectively establish two francophone regions to one Flemish; furthermore, the Flemings want to limit Brussels to its present 19 municipalities, while the Walloons favor expanding the metropolitan area to include Flemish suburbs with large French-speaking minorities.

The resolution of the status of Brussels would certainly lessen tensions between the two linguistic communities, but as yet no solution is in sight. According to US diplomats, Flemish and Walloon leaders are now willing to talk, and Minister for the



Prime Minister Wilfried  
Martens

Camera Press ©

Brussels Region, Francois-Xavier de Donnea (a Walloon Liberal), has taken a conciliatory stance toward all parties. The national government has proposed more financial appropriations for Brussels (in essence devolving some regional responsibilities to the municipality) provided that city authorities either merge city agencies or relinquish some municipal services as a step to reduce the municipal debt.

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Despite the improved climate for discussions, we see little prospect for significant movement toward resolving the future of Brussels. Probably the best to be hoped for is enough progress to keep the issue dormant and prevent it from complicating action on more pressing national problems.

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#### Devolution of Educational Responsibility

After a decadeslong "school war" over educational control between Catholics on the one side and Liberals and Socialists (the latter two traditionally anticlerical) on the other, the parties signed the 1958 School Pact, which guaranteed equal aid to Catholic and state schools. When the linguistic communities were created in 1971, the rules for parallel school systems remained under the National School Pact Commission. The so-called reform of the state in 1980 kept general educational responsibility for Catholic and lay schools at the national level and shared legislative and policymaking powers with the Flemish and Walloon regional authorities. The educational

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budget is currently set in a complex mechanism by the two (Flemish and Walloon) education ministers, the Ministry of Public Works, and other related ministries. [ ]

In 1985 all of the coalition parties except the Walloon Social Christians supported a constitutional amendment to devolve completely educational responsibility to the communities. Since the education budget is relatively large (15.7 percent of current expenditures compared to 5.5 percent for national defense), its devolution would greatly enhance community power and prestige. US diplomats report that the Walloon Social Christians opposed the move because party leaders feared it would harm Catholic school funding in Wallonia, where the anticlerical Socialist Party is strong. Rather than accept the education amendment, the Walloon Social Christians threatened to bring down the coalition. [ ]

In our opinion, the issue of educational jurisdiction remains a hot topic for Belgians. When Martens reformed his center-right government late last year, he indicated a possible compromise by stating that national educational policy could be applied differently by autonomous councils in Flanders and Wallonia. According to the Belgian press, the autonomous councils are simply a stopgap measure to keep his partners together while Martens negotiates a constitutional revision acceptable to all of them. The government has some leeway for planning the timing of constitutional change. Martens, therefore, remains in the driver's seat, and Walloon ministers will probably not want to risk another election by taking too hard a line once again. [ ]

#### **Outlook: "Plus ca change . . ."**

Martens will have to bring all his legendary leadership skills to bear to keep his government together. The community issue in Belgium remains unpredictable and explosive. Martens's ability to hold his fifth government (1981-85) intact for a full four-year term—the last time a government served a full term was in 1961—attests in large measure to his ability to keep Belgians focused on national economic issues. As linguistic problems heat up, however,

Martens will be increasingly hard pressed to delay dealing with them or to keep national attention riveted on the economy. [ ]

Regional/linguistic problems are likely to interfere with efficient functioning of the Belgian Government as Martens risks becoming increasingly mired in community disputes that would immobilize action on other issues, including those of concern to Belgium's NATO partners. In our judgment, Belgian commitment to INF deployment remains firm, but preoccupation with community tensions would probably postpone consideration of any request to advance the deployment of a second flight of missiles to 1986 instead of the original date of yearend 1987.

Belgian immobilism, of course, could work to US benefit: the community issue could so preoccupy Belgian politicians that deployment might get less attention than it normally would. More probable is another bout of delay in addressing sensitive security issues—always low on Belgium's list of political priorities. [ ]

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## France: Is Anyone in Charge?

### Viewpoint

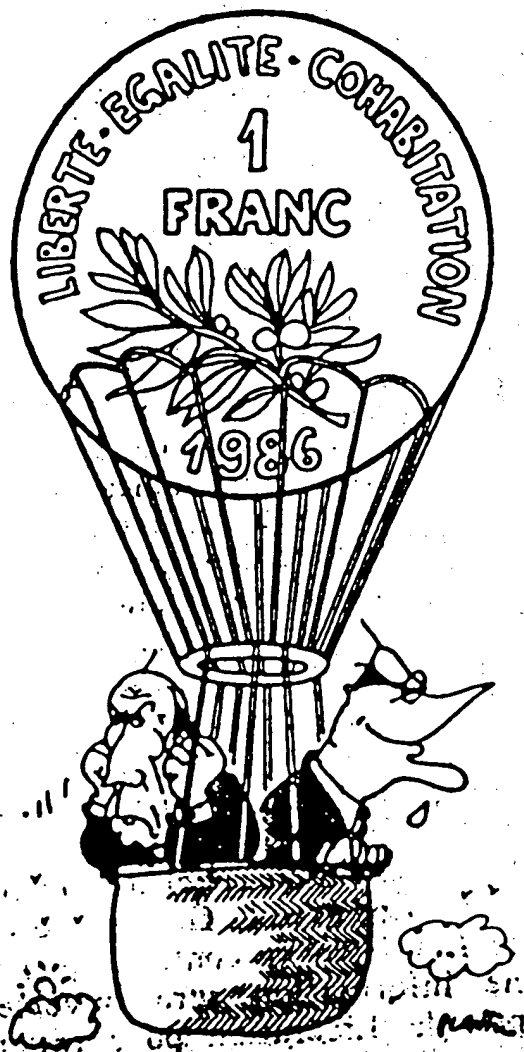
*This article does not represent a DI or CIA position; it is solely the view of the author. It has not been coordinated or reviewed.*

As France enters its third month of "cohabitation" government between left and right, the arrangement still begs more questions than it answers. The query that looms largest in most speculation is which of the two reluctant partners will ultimately decide policy. President Mitterrand and Prime Minister Chirac both have scored political points in the first uneasy weeks of their forced marriage, but neither appears likely to outmaneuver the other anytime soon. Contrary to grim preelection forecasts, the French public seems to approve and even enjoy the spectacle of two master politicians pitted against one another, and most respondents have told pollsters that they expect Mitterrand and Chirac to find a way to make power sharing work. US interests have thus far benefited marginally from the competition, but increased conflict could heighten the risk of damage to US-French relations.

### Two Mouths, One Voice

French officials insisted in Tokyo that France would "speak with one voice," even though Mitterrand and Chirac would both be at the Summit. Chirac told Japanese Prime Minister Nakasone straight away, however, that Mitterrand had lost control of the levers of real power in France when he surrendered his legislative majority in March—one of several statements that raised eyebrows in Tokyo and drew sharp "no comments" from a momentarily frazzled French Embassy spokeswoman. So far, however, the French press has played the Summit pas de deux as a well-choreographed success—yet another indication that cohabitation works, outside as well as inside France.

In fact, the serendipitous smoothness of cohabitation has been a constant theme in media across the French political spectrum, although respected pundits continue to give power sharing only six months or so,



Le Monde cartoon suggests the perils of cohabitation for both Mitterrand and Chirac.

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French duo at Tokyo Summit. [redacted]

and almost no one appears to think it will go the distance until Mitterrand's term expires in 1988. Generally, French political observers seem to believe that the accelerating hostility and maneuvering—which reached new levels in response to the US raid against Libya—will drive both President and Prime Minister to more frenzied and riskier efforts to defend their positions and claim preeminence. Despite praise for joint attendance at the Summit, many observers attribute their cooperation in Tokyo to the fact that neither Mitterrand nor Chirac could risk being accused of embarrassing France on an international stage. [redacted]

#### Keeping Score

Early jockeying gave the clear impression of a standoff. Mitterrand countered Chirac's stated intention to rule by decree with threats to pocket-veto ordinances that he considers reactionary. The French Constitution appears to give the Prime Minister considerable counterbalancing power, but Chirac's ability to legislate effectively is clearly hampered by a two-seat parliamentary majority that one wag described as having the stability and thickness of a cigarette paper. [redacted]

The US raid on Libya intensified the competition, as both men leaked stories to the media claiming control over foreign policy decisionmaking. The Elysee also leaked a narrative of events that presented Chirac as weak on counterterrorism, while leaders of Chirac's own coalition—notably, former President Giscard d'Estaing and Centrist leader Jean Lecanuet—lambasted the government's failure to support the United States, apparently isolating Chirac on the right. The raid also reportedly raised embarrassing questions even within Chirac's well-disciplined Gaullist party. Moreover, Mitterrand clearly managed to upstage Chirac at the Summit, a task made even easier by rules of protocol that essentially forced Chirac to arrive late and in the role of his own Finance Minister. [redacted]

Although Mitterrand seems to be holding his own without taking a dangerously high profile, [redacted] reports persist that he is growing impatient with what he perceives as his alienation from real power. A senior presidential adviser told US officials before the Summit that Chirac's claims to be running foreign policy have angered Mitterrand, who believes that the public would support him if he accused Chirac publicly of threatening cohabitation and undermining the presidency. [redacted]

Tensions have grown on both sides, but Socialists appear to feel most on the defensive and seem eager to counterattack. Mitterrand's chagrin reportedly has grown as Chirac has assumed a higher profile in foreign affairs—first by making a well-publicized visit to French client states in Africa, then by claiming preeminence publicly. Mitterrand's forces have countered by portraying Chirac's response to the US overflight requests, both to the public and US

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Chirac wishes Mitterrand "happy reading," as both prepare to take a better look at the Constitution. [redacted]

officials, as kneejerk Gaullism. They have also cranked up a public relations operation to argue more forcefully that Mitterrand still calls the shots on foreign policy. [redacted]

Mitterrand's ability to inhibit the government from implementing its program rests on shaky constitutional ground, even though his challenges have thus far drawn no constitutional rejoinder from Chirac. Legal scholars generally agree that Mitterrand has a good case when he claims to have a pocket veto over government decrees by refusing to sign them, but many also consider it an issue worth contesting in France's Constitutional Council. If Mitterrand presses this claim too often, however, Chirac will come under increasing pressure from his followers to precipitate a constitutional test of strength. Mitterrand might resort to two other tactics in his effort to obstruct the government, both of which almost certainly exceed his constitutional prerogatives:

- He might come under pressure from Socialists to claim a similar veto over legislation, testing his

ability by refusing to promulgate laws passed by the National Assembly.<sup>1</sup> Constitutional experts, however, believe that he would almost certainly lose a court test of this claim.

- He might try unilaterally to call a referendum, even though the constitution stipulates that this power rests with the Prime Minister. If Mitterrand broaches the possibility of holding a referendum on his own, he will clearly be vulnerable to conservative changes of circumventing the Constitution. [redacted]

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### Sudden Death

Despite growing unease with power sharing and the acceleration of tensions, neither Mitterrand nor Chirac now appears to be in a position to dissolve cohabitation and seek a new mandate. Shadowboxing aside, neither has found a suitable issue on which to build an electoral campaign. Mitterrand needs a stunning issue to make his case—a dramatic misstep by Chirac—and so far the Gaullist leader has maintained uncharacteristic poise in walking the tightrope between respecting the Constitution and asserting his own leadership. Chirac needs maneuvering room and a credible record before he can go to the voters, and neither is yet in sight. His promise to return to a majority voting system, in which conservatives would clearly score better, could hit rough sledding even among members of his own coalition, who reportedly fear that the redistinguishing implicit in such a move would leave them in the cold. The extreme right benefited from the proportional voting system introduced by the Socialists, as did some of the independents who now give the Gaullist-Centrist coalition its majority. Nor has Chirac yet had time to make any headway against the issue that would almost certainly decide a presidential contest—unemployment. [redacted]

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French voters, meanwhile, tell pollsters that they like cohabitation, that they expect both President and Prime Minister to make it work, and that so far they

<sup>1</sup> By using identical language in reference to the president's authority to sign decrees and to promulgate laws, the Constitution at least leaves open the possibility that a president can claim a veto by refusing to do either or both. [redacted]

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give both men good marks for its implementation. Recent barometers of job approval show that both Mitterrand and Chirac now enjoy their highest and strongest support in years. Chirac is up from a preelection approval rating average of about 40 percent to 56 percent. Mitterrand, who only a year ago was clearly the most unpopular president of the Fifth Republic, has risen to 56 percent.<sup>2</sup> The dark side of these numbers, however, as both know, is that they are tied to success in power sharing, and the public will just as easily punish whoever wrecks cohabitation. As one Chirac supporter put it recently: "The one who shoots first, dies." [redacted]

Mitterrand almost certainly calculates that his best hope of outmaneuvering Chirac is to catch the Prime Minister flatfooted on a dramatic foreign policy issue. Joint attendance at forthcoming meetings, such as the EC summit in June and the New York and Moscow visits in July, will revisit the Tokyo Summit dangers of France speaking with two voices, offering enhanced opportunities for one or the other to ruin cohabitation.

#### **Dangers for US Interests**

The Mitterrand/Chirac competition has already helped the United States; dread of appearing soft on terrorism has motivated both men to polish their antiterrorist credentials by:

<sup>2</sup> It is interesting to note, however, that Chirac's rise has paralleled the decline in public approval of his closest rival on the right—former Prime Minister Raymond Barre, whose rating fell 11 points between March and April to 39 percent. Mitterrand, on the other hand, is only slightly more popular than his persistent rival for Socialist leadership—Michel Rocard, whose public approbation stands at 53 percent. [redacted]

- Adopting an increasingly tougher line on Libyan leader Qadhafi, while backing away from previous objections to international cooperation against terrorism. [redacted]

Two pitfalls could threaten relations between Paris and Washington, however. The first is that the United States might appear to take sides or be seen by French voters as the disrupter of cohabitation. Just as they are prepared to punish Chirac or Mitterrand for any divorce, the French are also almost certainly prepared to pounce on Washington for disrupting the harmony of power sharing. Secondly, any public pressure from Washington on Paris could easily trigger a competition in which Mitterrand and Chirac outdo each other in asserting French independence and criticizing the United States. [redacted]

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**Economic News in Brief****Western Europe and Canada**

**Italy has completed technical preparations for introducing a "heavy lira" at yearend which would lop three zeros off the present currency . . . new lira would equal \$0.67 at current rates . . . Treasury Minister Gorla cautions heavy lira would be adopted only if inflation rate falls to 5 percent . . . not an easy target despite recent improvements.** [ ]

**Spain's total foreign debt in 1985 fell 5 percent to \$28.1 billion . . . private-sector debt dropped 13 percent, due largely to utility companies making repayments ahead of schedule . . . public-sector debt rose 5 percent.** [ ]

**Ottawa is bracing for a threatened trade action against its softwood lumber exports to US markets . . . British Columbia Premier Bennett claims such action would undermine western Canada's support for freer trade talks . . . Canadian Trade Minister Kelleher vows to raise the issue in the GATT if US levies countervailing duties.** [ ]

**Eastern Europe**

**Eastern Europe's hard currency trade surplus last year plunged to \$3 billion . . . exports fell 3 percent because of soft agricultural prices and bad weather . . . imports surged 5 percent to meet needs for energy, grain, capital goods . . . continued poor performance may complicate debt servicing and discourage bank lending.** [ ]

**East Germany's new Minister of Foreign Trade is 59-year-old Gerhard Beil . . . formerly deputy in charge of trade with the West . . . last visited Washington in 1985 . . . played key role in financial recovery of recent years and reportedly close to economic czar Mittag . . . only senior government promotion after last month's Communist Party Congress.** [ ]

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